

To: Participants in the MCASF Local 725 Pension Trust Fund (the "Pension Plan")
From: The Board of Trustees of the Fund (the "Board")
Date: April 29, 2025
Re: 2024 Annual Funding Notice and 2025 "Green Zone" Certification

2024 Annual Funding Notice

IRS regulations require that the Annual Funding Notice be sent to you every year, regardless of the funded status of the Pension Plan. The Annual Funding Notice reflects the Pension Plan's funded status as of the beginning of the 2024 Plan Year, which for this Plan is January 1, 2024. We also wanted to share with you the Pension Plan's preliminary funded status as of the start of the 2025 Plan Year.

As shown in the enclosed 2024 Annual Funding Notice, the Pension Plan was 102.5% funded as of January 1, 2024. As of December 31, 2024, the preliminary funded percentage of the Pension Plan was 103.7%. The Pension Plan is well funded, especially given the volatile investment markets the past several years.

2025 "Green Zone" Certification

You may recall that nine years ago, in 2016, the Pension Plan was designated as being in "critical status". This was not a reflection of the funded percentage status of the plan, but due to an additional factor, the Funding Standard Account. This looks at contributions and investment returns compared to operating expenses and benefit payments due. The balance in the Funding Standard Account can trigger critical status if it is not projected to remain positive, meaning more income than expense. At that time, the Board made some very difficult decisions to carefully balance the needs of participants, contributing employers, and the union in a manner that was fair, equitable and realistic, yet preserved the core benefits in the Pension Plan.

The significance of being in critical status in 2016 was that the Board of Trustees was required to take specific action by adopting a Rehabilitation Plan. While the decisions made by the Board were difficult, the Pension Plan is now on more solid financial ground, and as a result, the Pension Plan was certified in the green zone every year from 2017-2024, and again for 2025.

You may be asking if the Board intends to restore the benefits that were in place before the Rehabilitation Plan took effect. Unfortunately, the Pension Plan's actuary has advised that doing so would jeopardize future zone certifications for 2026 and beyond. Similarly, increasing the monthly pension accrual rate (also called the multiplier) from the current rate of 2% of contributions would significantly increase benefit costs. This would lower the Plan's funded level

and could put participants' future benefits in jeopardy. The Plan's actuary does not recommend taking that action.

The Board will continue to work with the Pension Plan's actuary and other professionals to provide the best possible benefits while ensuring that the Pension Plan remains healthy enough to pay participants and beneficiaries the benefits they have been promised for generations to come.

If you have any questions, please contact the Fund Administrator at:

Benefit Services
15800 Pines Blvd., Suite 201
Pembroke Pines, FL 33027
(754) 777 - 7735

Sincerely,

The Board of Trustees
MCASF Local 725 Pension Trust Fund

ANNUAL FUNDING NOTICE
For
MCASF Local 725 Pension Trust Fund

Introduction

This notice provides key details about your multiemployer pension plan (the "Plan") for the plan year beginning January 1, 2024 and ending December 31, 2024 ("Plan Year"). **This is an informational notice. You do not need to respond or take any action.**

This notice includes:

- Information about your Plan's funding status.
- Details on your benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency.

What if I have questions about this notice, my Plan, or my benefits?

Contact your plan administrator at:

- **Name:** Benefit Services
- **Phone:** (754) 777-7735
- **Address:** 15800 Pines Blvd., Suite 201
Pembroke Pines, FL 33027

To better assist you, provide your plan administrator with the following information when you contact them:

- **PN:** 001
- **Plan Sponsor Name:** Board of Trustees of MCASF Local 725 Pension Trust Fund
- **EIN:** 59-6123621

What if I have questions about PBGC and the pension insurance program guarantees?

Visit www.pbgc.gov/prac/multiemployer for more information. For specific information about your pension plan or pension benefits, you should contact your employer or plan administrator as PBGC does not have that information.

Federal law requires all traditional pension plans, also known as defined benefit pension plans, to provide this notice every year regardless of funding status. This notice does not mean your Plan is terminating.

How Well Funded Is Your Plan?

The law requires the Plan's administrator to explain how well the Plan is funded, using a measure called the "funded percentage." The funded percentage is calculated by dividing Plan assets by Plan liabilities. In general, the higher the percentage, the better funded the plan. The chart below shows the Plan's funded percentage for the Plan Year and the two preceding plan years. It also lists the value of the Plan's assets and liabilities for those years.

Funded Percentage			
	2024 Plan Year	2023 Plan Year	2022 Plan Year
Valuation Date	January 1, 2024	January 1, 2023	January 1, 2022
Funded Percentage	102.5%	99.0%	98.3%
Value of Assets	\$224,089,646	\$209,183,677	\$198,341,482
Value of Liabilities	\$218,564,767	\$211,133,325	\$201,766,005

Year-End Fair Market Value of Assets

To provide further insight into the Plan’s financial position, the chart below shows the fair market value of the Plan’s assets on the last day of the Plan Year and each of the two preceding plan years as compared to the actuarial value of the Plan’s assets on January 1 of that year (Valuation Date).

- **Actuarial values (shown in the chart above)** account for market fluctuations over time. Unlike market values, actuarial values do not change daily with stock or market shifts.
- **Market values (shown in the chart below)** fluctuate based on investment performance, providing a more immediate snapshot of the plan’s funding status.

	December 31, 2024	December 31, 2023	December 31, 2022
Fair Market Value of Assets	\$232,559,145*	\$219,805,742	\$198,724,550

*Preliminary.

Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan’s funding status determines the steps a plan must take to strengthen its finances and continue paying benefits:

- **Endangered:** The plan’s funded percentage drops below 80 percent. The plan’s trustees must adopt a funding improvement plan.
- **Critical:** The plan’s funded percentage falls below 65 percent or meets other financial distress criteria. The plan’s trustees must implement a rehabilitation plan.
- **Critical and Declining:** A plan in critical status is also designated as critical and declining if projected to become insolvent—meaning it will no longer have enough assets to pay out benefits—within 15 years (or within 20 years under a special rule). The plan’s trustees must continue to implement the rehabilitation plan. The plan’s sponsor may seek approval to amend the plan, including reducing current and future benefits.

The Plan was not in endangered, critical, or critical and declining status in the 2024 Plan Year. In addition, on March 27, 2025, the Plan actuary certified that the Plan is in neither endangered, critical, nor critical and declining status for the 2025 plan year.

Participant and Beneficiary Information

The following chart shows the number of participants and beneficiaries covered by the Plan on the last day of the Plan Year and the two preceding plan years. The numbers for the Plan Year reflect the plan administrator’s reasonable, good faith estimate.

Number of participants and beneficiaries on last day of relevant plan year	2024	2023	2022
1. Last day of plan year	12/31/2024	12/31/2023	12/31/2022
2. Participants currently employed	1,016	982	920
3. Participants and beneficiaries receiving benefits	716	706	701
4. Participants and beneficiaries entitled to future benefits (but not receiving benefits)	439	426	427
5. Total number of covered participants and beneficiaries (Lines 2+3+4=5)	2,171	2,114	2,048

Funding & Investment Policies

Funding Policy

Every pension plan must establish a funding policy to meet its objectives. The funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan consists of the following: fund the plan through a combination of contributions received from employers and investment income generated by the Plan's investments. The funding level is designed to comply with requirements of ERISA and the Internal Revenue Code. These requirements include minimum funding levels and also include maximum limits on the contributions that may be deducted by employers for federal income tax purposes. The Board of Trustees creates and implements the funding policy and monitors the funding level with the assistance of the Plan's enrolled actuary and the Plan's investment consultant.

Investment Policy

Pension plans also have investment policies that provide guidelines for making investment management decisions. The investment policy of the Plan is, generally, to invest primarily in common and preferred stocks, U.S. Government and corporate bonds, insurance contracts, U.S. Treasury Bills, high grade commercial paper, bank certificates of deposit, and real estate equity interests and mortgages. Investments are made directly through private portfolios managed by professional investment managers, and indirectly through mutual funds and other pooled investment funds. In general, investments are to be of high quality, well diversified, and prudently allocated for long-term growth.

As of the end of the Plan Year, the Plan's assets were allocated among the following investment categories as percentages of total assets:

Asset Allocation	Percentage:
Public equity	41%
Private equity	7%
Investment grade debt instruments	28%
High-yield debt instruments	4%
Cash and cash equivalents	1%
Real estate	8%
Other	11%

The preliminary average return on assets for the Plan Year is 7.8%.

Right to Request a Copy of the Annual Report

Pension plans must file an annual report, called the Form 5500, with the U.S. Department of Labor. The Form 5500 includes financial and other information about these pension plans.

You can get a copy of your Plan's Form 5500:

- **Online:** Visit www.efast.dol.gov to search for your Plan's Form 5500.
- **By Mail:** Submit a written request to your plan administrator.
- **By Phone:** Call [\(202\) 693-8673](tel:2026938673) to speak with a representative of the U.S. Department of Labor, Employee Benefits Security Administration's Public Disclosure Room.

The Form 5500 does not include personal information, such as your accrued benefits. For details about your accrued benefits, contact your plan administrator.

Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by PBGC, below), the plan must apply to PBGC for financial assistance. PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option.

Benefit Payments Guaranteed by PBGC

Only vested benefits—those that you've earned and cannot forfeit—are guaranteed.

What PBGC Guarantees

PBGC guarantees "basic benefits" including:

- Pension benefits at normal retirement age.
- Most early retirement benefits.
- Annuity benefits for survivors of plan participants.
- Disability benefits for disabilities that occurred before the earlier of the date the plan terminated or the sponsor's bankruptcy date.

What PBGC Does Not Guarantee

PBGC does not guarantee certain types of benefits, including:

- A participant's pension benefit or benefit increase until it has been part of the plan for 60 full months. Any month in which the multiemployer plan was insolvent or terminated due to mass withdrawal does not count toward this 60-month requirement.
- Any benefits above the normal retirement benefit.
- Disability benefits in non-pay status.
- Non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Determining Guarantee Amounts

The maximum benefit PBGC guarantees is set by law. Your plan is covered by PBGC's multiemployer program. The maximum PBGC guarantee is \$35.75 per month, multiplied by a participant's years of credited service.

PBGC guarantees a monthly benefit based on the plan's monthly benefit accrual rate and your years of credited service. The guarantee is calculated as follows:

1. Take 100 percent of the first \$11 of the Plan's monthly benefit accrual rate.
2. Take 75 percent of the next \$33 of the accrual rate.
3. Add both amounts together.
4. Multiply the total by your years of credited service to determine your guaranteed monthly benefit.

Determining Guarantee Amounts (continued)

Example 1: Participant with a Monthly \$600 Benefit and 10 Years of Service.

1. Find the accrual rate: $\$600/10 = \60 accrual rate.
2. Apply PBGC formula:
 - a. Take 100 percent of the first \$11 = \$11
 - b. Take 75 percent of the next \$33 = \$24.75
3. Add the two amounts together: $\$11 + \$24.75 = \$35.75$
4. Multiply by years of credited service: $\$35.75 \times 10 \text{ years} = \357.50

In this example, the participant's guaranteed monthly benefit is \$357.50.

Example 2: Participant with a \$200 Monthly Benefit and 10 Years of Service.

1. Find the accrual rate: $\$200/10 = \20 accrual rate.
2. Apply PBGC formula:
 - a. Take 100 percent of the first \$11 = \$11
 - b. Take 75 percent of the next \$9 = \$6.75
3. Add the two amounts together: $\$11 + \$6.75 = \$17.75$
4. Multiply by years of credited service: $\$17.75 \times 10 \text{ years} = \177.50

In this example, the participant's guaranteed monthly benefit is \$177.50.